



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Regulatory Commission of Alaska

Sarah Palin, Governor
Emil Notti, Commissioner
Anthony A. Price, Chairman

August 9, 2007

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 Twelfth Street S.W.
Washington, D.C. 20554

Re: MCI Section 63.71 Application

Dear Ms. Dortch:

On July 25, 2007, MCI Communications Services, Inc. (MCI) filed an application under Section 63.71 stating that "beginning September 4, 2007, MCI will no longer permit users of MCI's Prepaid Phone Cards purchased from Costco stores to recharge their cards using a credit card with an Alaska billing address or by calling to recharge their cards from an Alaskan telephone number."¹ The Regulatory Commission of Alaska (RCA) opposes the MCI application as it is a) contrary to the public interest, b) unduly discriminatory to Alaskans, c) contrary to federal law, and d) anti-competitive. The RCA requests that the Federal Communications Commission (FCC) investigate issues related to MCI prepaid calling cards and take actions as appropriate to ensure Alaskans are treated fairly and MCI complies with federal law. If the FCC cannot act on this matter by September 4, 2007, then the FCC should order MCI to defer the implementation of its proposed change until the FCC has opportunity to investigate these issues.²

Through this filing we also seek action by the FCC regarding the next generation MCI cards (labeled "Verizon" cards) now on sale via the Costco internet website that seeks to discriminate against Alaska in violation of federal law.

1. MCI's Recharge Proposal is Contrary to the Public Interest

MCI prepaid calling cards have historically been sold at Costco stores located throughout the country. Large volumes of these cards were sold to Alaskans.

The importance of MCI's services to Alaskans is illustrated by our recent experience on this matter in RCA Docket U-06-117. On September 14, 2006, MCI notified us that it planned to increase the Alaska rate on its prepaid calling cards from 2.9 cents³ per minute to 35 cents per minute beginning November 1, 2006.⁴ By October 20, 2006, our agency had received

¹ Section 63.71 Application of MCI Communications Services, Inc., filed July 25, 2007.

² Our response to this manner and cite of Section 63.71, should not necessarily be viewed as agreement that MCI's proposal is analogous to a discontinuation of service.

³ MCI's most recent cards were sold at 2.9 cents per minute, however earlier cards sold by MCI may have different per minute rates. However, it is our understanding that *all* MCI labeled cards would be affected by MCI's proposed change in recharge practice.

⁴ RCA Docket U-06-117(1), Letter from T. Amodio, counsel for MCI, filed September 14, 2006.

thirty-three consumer complaints regarding the proposed increase from people located throughout the state.¹ The State of Alaska Ombudsman also received complaints regarding the MCI rate increase.² Prior to our November 15, 2006, consumer input hearing on this matter, MCI had agreed to withdraw its proposed rate increase. Even so, several consumers attended or directly participated in the consumer input hearing and expressed their reliance on the MCI card. At the hearing, MCI also indicated that any existing card holders would continue to be able to add minutes to their cards at the customer's original purchase rate.³ Our experience in Docket U-06-117 suggests that Alaskans throughout the State holding MCI cards are dependent on MCI services, and would be adversely affected by a change to the MCI recharge policy.

On July 17, 2007, MCI began providing oral notice of its plans to prevent Alaskans from recharging their prepaid MCI cards. The importance of this news to Alaska is illustrated by the fact that within 3 days of MCI's oral notice, the Anchorage Daily News published an article reporting the planned change. As of July 27, 2007, we received over 70 complaints regarding MCI's planned change to its recharge practices. We expect to continue to receive such complaints.

The published MCI rate of 2.9 cents per minute for these cards is the lowest known rate for prepaid cards available to Alaskans. As MCI cards are no longer sold at Costco, the only ready means Alaskans have to continue using MCI cards is to recharge their existing cards.⁴ MCI's change to its recharge policies will therefore have a dramatic and harmful affect on Alaskans as they will be the only American consumers unable to recharge their cards after September 4, so as to continue benefit from MCI's nationwide averaged 2.9 cent per minute domestic interexchange rate.

Further, MCI's proposed changes will harm people other than Alaskans. The entire population of Alaska is about 670,000. In contrast, over 1.6 million visitors came to Alaska between May and September 2006.⁵ Visitors to Alaska will be unable to recharge their MCI prepaid calling cards as MCI would not allow people to recharge their cards when calling from a 907 area code. Such visitors would need to purchase another vendor's card, a card they would not otherwise need to buy except for MCI's recharge practices. It is undisputed that prepaid cards are especially beneficial to travelers who may use the cards to call home to avoid potentially high surcharges on calls placed from hotels and other locations. These tourists would be directly and unreasonably harmed by MCI's proposed recharge policy.

In summary, it would be contrary to the public interest for MCI to be allowed to implement its change to its recharge policy. As will be explained in the below sections, MCI's proposal is also unduly discriminatory and contrary to law.

2. MCI's Proposed Recharge Practice is Unduly Discriminatory to Alaskans and Those Visiting Alaska

Federal law prohibits a carrier such as MCI from unreasonably discriminating in its practices or provision of service based on locality:

¹ Order U-06-117(1), at 3, dated October 20, 2006.

² RCA Docket U-06-117, Letter from Linda Lord-Jenkins, State of Alaska Ombudsman, received November 8, 2007.

³ RCA Docket U-06-117, Consumer Input Hearing held November, 2006, transcript at 43-44.

⁴ MCI has indicated that it plans to prevent shipment of Internet purchased cards to Alaskan addresses, an action we also oppose as explained later in this letter.

⁵ Resource Development Council for Alaska, Inc., overview at 1, www.akrdc.org/issues/tourism/overview.html.

Sec. 202. Discriminations and preferences

(a) Charges, services, etc.

It shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage.⁶

MCI's change in recharge practice is blatantly discriminatory as it affects only people who try to recharge their cards from the 907 (Alaskan) area code or who try to recharge their cards using a credit card where the customer has an Alaska billing address. All other United States citizens may recharge their MCI cards, regardless of their location, the types of calls they make, or the cost to MCI to provide service. No carrier should be allowed to discriminate against the citizens of any one state in this manner.

It is also discriminatory for MCI to prevent citizens who own MCI cards from recharging their cards simply because they were calling from a 907 area code. In effect people from across the country would be prevented from recharge their cards simply because they happened to be visiting Alaska when they tried to recharge their card. This is also contrary to the representations on card packaging that the consumer may "Recharge your card at the same low rate."

The discrimination inherent in MCI's proposal leads to unreasonable results. For example, an Alaskan who owns an MCI card will be unable to recharge the card directly, but could contact a family member or friend in another state to recharge the card.⁷ This is an unnecessary and unreasonable inconvenience to the customer, and would be totally unnecessary except for MCI's discriminatory practices. Those in nursing homes, students, and others who live outside of Alaska, but depend on Alaskans for financial assistance, would lose the ability to have their MCI cards recharged by their Alaskan relatives. There is no rational basis for such a restriction. As another example, consumers in Alaska will have to incur a large balance on their MCI cards prior to September 4, 2007, if they wish to continue to have the ability to use their card after recharge is no longer an option. Consumers in other states would not have this limitation or obligation to commit funds to MCI. Further while an Alaskan would be unable to recharge cards after September 4, 2007, he or she could purchase MCI cards while out of state (or have a friend do so) and ship the cards back to Alaska for use. Those Alaskans without contacts in other states or who do not travel to other states would not have this option. This may be especially limiting to those consumers who are located in the remotest areas of rural Alaska who make few trips out of state due to the cost and inconvenience of travel. This is another unnecessary and unreasonable limitation on Alaskans' use of cards.

As a further example of discrimination, Alaskans would be unable to recharge their cards after September 4, 2007. However all other customers, including those that live in high cost areas of the country, or place high volumes of Alaska calls, would be able to recharge their cards and benefit from the 2.9 cent per minute rate. It is unreasonable for customers in other

⁶ 47 U.S.C. 202 (emphasis added).

⁷ As MCI claims it "does not know the names or mailing addresses of the holders" of its cards, there would appear to be no easy means by which MCI could prohibit this practice. See 63.71 application at 1.

states to have the ability to recharge their cards to place predominantly Alaska telephone calls, yet prohibit Alaskans from doing so.

Based on the above, MCI's proposal is unreasonable and discriminatory to people living in Alaska and those visiting Alaska. MCI should be prevented from implementing this unfair, unreasonable, and discriminatory recharge policy.

3. MCI's Proposed Recharge Practice Violates Federal Law Under Section 254

Congress has a long standing, national policy that subscribers in rural and high cost areas of the country should obtain interstate long distance services at rates no higher than rates charged to subscribers in any other state:

254 (g) Interexchange and interstate services –

Within 6 months after February 8, 1996, the Commission shall adopt rules to require that the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged by each such provider to its subscribers in urban areas. Such rules shall also require that a provider of interstate interexchange telecommunications services shall provide such services to its subscribers in each State at rates no higher than the rates charged to its subscribers in any other State.⁸

Most recently the FCC has affirmed its understanding of the above policy:

Prior to the 1996 Act, the Commission had a well-established policy of supporting geographic rate averaging, and rate integration for domestic interstate interexchange services. In adopting section 254(g), Congress sought to codify the Commission's pre-existing policies of rate averaging and rate integration, and to apply these policies to all interexchange carriers....⁹

In its order implementing section 254(g), the Commission adopted rules that tracked the statutory requirements. First, it required providers of interexchange telecommunications services to charge rates in rural and high-cost areas that are no higher than the rates they charge in urban areas.... The Commission reiterated its policy of supporting geographic rate averaging for domestic interstate interexchange services. It explained that geographic rate averaging ensures that interexchange rates in rural areas or areas served by high cost companies will not reflect the disproportionate cost burden that may be associated with these areas.¹⁰

...
[W]e find that enforcement of the section 254(g) requirements remains necessary for the protection of consumers.¹¹

⁸ 47 U.S.C. 254(g).

⁹ WC Docket No. 06-100, Petition of Core Communications, Inc. for Forbearance from Section 251(g) and 254(g) of the Communications Act and Implementing Rules, *Memorandum Opinion and Order*, FCC 07-129, released July 26, 2007, (Core MO&O) at paragraph 4 (emphasis added).

¹⁰ Core MO&O at 5, (emphasis added).

¹¹ Core MO&O at 18.

MCI's practice would effectively allow MCI to avoid its obligations under 47 U.S.C. 254(g) by virtue of artificially constraining who may recharge their prepaid calling cards. By its actions, MCI would attempt to prevent Alaskans from gaining access to the same 2.9 cent per minute rate available to all other MCI subscribers nationwide. MCI's proposed recharge plan violates 47 U.S.C. 254(g) and should not be allowed.

Allowing MCI to implement this discriminatory policy would also be contrary to the principles of 47 U.S.C. 254(b)(3):

(3) Access in rural and high cost areas --- Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.¹²

MCI proposal would allow it to avoid providing comparable services to rural and high cost areas of Alaska by virtue of its failure to allow customers in Alaska to recharge their prepaid calling cards. This arguably contravenes the principle identified in 47 U.S.C. 254(b)(3).

It is possible that MCI may argue that it is fair to prohibit Alaskans from recharging their cards given the high cost to serve Alaska in comparison to the 2.9 cent per minute rate offered on the cards. However by plain reading, federal law intended that consumers benefit from nationwide average rates even if they live in a high cost or rural area. MCI should not be allowed to avoid its obligations under 254(b) and (g) by arguing Alaska is simply too costly to serve. Further, MCI chose to offer service nationwide at the 2.9 cent per minute rate. If MCI now finds its prepaid services are not as profitable as expected, MCI should craft a response that is consistent with federal law and fair treatment of consumers in high cost and rural areas of the nation. Rather than comply with federal law, MCI seeks to avoid its rate averaging obligations in Alaska. We believe this discrimination violates federal law.

4. MCI's Recharge Proposal is Anticompetitive.

If MCI is allowed to violate federal law and discriminate against Alaskans, it may provide MCI with an undue advantage against competitors who follow the law. MCI should not be allowed to profit from violation of federal law.

5. The FCC Should Investigate the MCI Card Issues and Take Appropriate Action.

The RCA opposes MCI's proposal to prevent recharge of its cards by people who call from the 907 area code and by those who have a credit card billing address in Alaska. We ask the FCC to investigate this matter and prevent MCI from discriminating against Alaskans and avoiding its obligations under federal law. If the FCC believes it cannot address this matter by the September 4, 2007, deadline by which MCI plans to implement its new policy, then we request that the FCC order MCI to defer its proposed change until the FCC has opportunity to investigate its proposal.

¹² 47 U.S.C. 254(b)(3), (emphasis added).

6. The MCI /Verizon's Next Generation Prepaid Card Discriminates Against Alaska and Violates Section 254(g) of the Act. The FCC Should Investigate the Verizon Card Issues and Take Appropriate Action.

MCI, Inc. and Verizon Communications, Inc. are now merged. MCI operates in Alaska and presumably in other areas under the business name "Verizon Business Services." The MCI cards once sold on the Costco website now appear to be called "Verizon" prepaid phone cards. As can be seen by a comparison of the packaging (Appendix A), the new "Verizon" card sold at Costco and the earlier "MCI" card sold at Costco are substantially the same product except for two key points:

a) The "Verizon" cards allow the buyer to call "anywhere in the Contiguous US, Hawaii & Puerto Rico for less than 2.9 ¢ per minute". By plain reading the 2.9 ¢ rate is available in all states except Alaska. The cards do not clearly state the interstate rate that applies to Alaska, however a statement is made that "Calls within Alaska are \$0.35/min." Charging a different interstate rate for Alaska would appear both unduly discriminatory and contrary to 47 U.S.C. 254(g) and arguably 254(b) for the reasons previously explained in this letter.

b) The Costco website states: "Effective September 4th, 2007 Verizon Prepaid Phone Cards will no longer be distributed by Costco in Alaska." We understand this to mean that people with an Alaska shipping address will be unable to purchase the Verizon card over the Internet. Prohibiting Alaskans from buying the Verizon card has the same effect as not allowing Alaskans to recharge their cards. It is unreasonable, unduly discriminatory and contrary to 47 U.S.C. 254(g) and arguably 254(b) as previously explained in this letter.

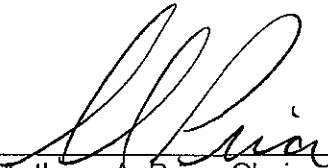
c) The Costco website states: "[Verizon] Prepaid Phone Cards may not be recharged for calling from Alaska." This is essentially the MCI new recharge policy applied to the Verizon cards. We oppose this practice for the same reasons cited earlier in this letter.

Clearly there are significant questions regarding the Verizon card's compliance with federal law and whether the proposed practices are consistent with the public interest. We question why MCI's 63.71 application did not include disclosure of the limitations on the Verizon cards, especially the intent to prevent Alaskans from buying and recharging the cards. At a minimum, the FCC should investigate the Verizon Cards and direct that pending investigation of issues, the Verizon Cards:

- a) continue to be sold to Alaskans;
- b) apply the same interstate rate for Alaska as applies for other states;
- c) allow recharge of the cards by Alaskans.

We believe MCI's Section 63.71 Application and the Verizon card limitations are a serious matter and the FCC's actions here will determine whether Alaskans receive the benefit of nationwide rate averaging as was intended by Congress. We respectfully request that the FCC ensure that companies do not discriminate against Alaska in the provision of interexchange services.

Sincerely,
REGULATORY COMMISSION OF ALASKA



Anthony A. Price, Chairman

cc: The Honorable Senator Ted Stevens
The Honorable Senator Lisa Murkowski
The Honorable Congressman Don Young
Mr. John Katz
Ms. Rashann R. Duvall, MCI



CHECK OUT | SHOPPING LIST | ORDER BY ITEM # | CART | ORDER STATUS | MY ACCOUNT |

SHOP SERVICES PHARMACY PHOTO CENTER TRAVEL REBAT

What's New | Appliances | Auto | Baby | Beauty | Bed & Bath | Books/CDs/DVDs | Computers | Decor | Electronics | Fashion | Flo
Funeral | Furniture | Gifts & Tickets | Hardware | Health | Housewares | Instruments | Jewelry | Office | Outdoor | Pet | Sports | Toys &

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SHOP FOR
BUSINESS PRODUCTS
☒ commercial delivery
☐ residential delivery

◀ electronics | telephones | phone cards
 ▶ back to search for 'phone card'

Refine By:

Categories

Search

Price

\$10 - \$20

\$30 - \$40

next product ➔

Verizon 700 Minute Prepaid Phone Card Plus

Minutes Never Expire
Instantly Rechargeable

\$19.99

Item # 144762

Shipping & Handling included

Qty:

1

+

ADD TO CART

add to list

verizon **700** minute

PREPAID Phone Card Plus

*Great Domestic & International rates
from your cell, home or office phone**

- Call anywhere in the contiguous U.S., Hawaii & Puerto Rico for less than 2.86¢ per minute
- Recharge your card at the same low rate
- Minutes never expire!
- Affordable international calling in 4 easy steps!
- Convenient—no need to switch phones, plans or sim

Great features make calling quicker than ever:

- PINless Dialing
- Speed Dialing
- Auto Recharge Option
- 24/7 info on the Go Golden Helpline Service

*While other prepaid cards require you to dial 1-800-4-A-Verizon, the Verizon Prepaid Phone Card Plus lets you dial 1-800-4-A-Verizon to recharge your card. The Verizon Prepaid Phone Card Plus is not a telephone card and does not have a toll-free number. It is a prepaid phone card that can be used to make long distance calls from your cell, home or office phone.

LARGER VIEWS

SHIPPING INFO

Get great long distance rates when calling another state another country. No commitments and no hassles when you use an affordable Verizon Prepaid Phone Card Plus all of your long distance calling needs. The card is portable and even works with your cellular phone.* Always a perfect fit for family members, college students, when traveling abroad and for savvy business travelers. It's ready when you need it so be prepared and order one today!

****Effective September 4th, 2007 Verizon Prepaid Phone Cards will no longer be distributed by Costco in Alaska. Prepaid Phone Cards may not be recharged calling from Alaska.**

Features:

- 2.86¢ per minute for calls within the contiguous U.S., Hawaii & Puerto Rico. *Calls within Alaska at 35¢ per minute.***
- Quick & easy calling with PINless Dialing
- Speed Dialing on your card
- Auto Recharge so you never run out of minutes
- Card does not expire
- No hidden fees

*You must have toll-free access on your cellular phone in order to use the card.

to use your Verizon Prepaid Phone Card Plus. Per minute r are in addition to your cellular airtime charges.

**** The advertised rate of 35¢ per minute for prepaid phone card calls within Alaska has been suspended in light of a pending investigation by the Alaska Regulatory Commission, during which time Alaskan intrastate calls shall be rated at 2.86¢ per minute.**

TERMS AND CONDITIONS OF SERVICE

Payphone surcharge of \$0.95 applies and is subject to increase. Calls within Alaska are \$0.35/min. By purchasing or using a Card, you accept these Terms and the Terms listed at <http://prepaid.verizon.com> and with customer service as they are updated from time to time. For 24 hr domestic customer service, international rates, access numbers, country codes, or to report a defective card, call 1-800-934-0068 before leaving the U.S. International rates vary and are subject to change. Max domestic telco is 35¢/min**. Golden Retriever calls are 99¢ each. Up to 3 requests per call). Domestic Directory Assistance charge 85¢ per call applies. Cards are rechargeable. Usage rounded to the next full minute. Call price rounded to nearest whole cent. Calls to 700,900, or 976 numbers, certain toll-free, operator-assisted, third party billed, or collect calls not available. No refund or exchange by Verizon for opened or used Cards or PINS unless they are defective. For additional service related concerns, you must contact the state regulatory agency where Card was purchased. Protect your Card. Card has no cash redemption value. Verizon is not responsible for lost or stolen cards or PINs. If Verizon suspects fraudulent use of this card, it may suspend or terminate use of the Card without further notice. With respect to any allegation, claim or dispute related to use of the Card, Verizon liability will be limited to the face value of the Card. In no event will Verizon be liable for any indirect, special, incidental, consequential, exemplary, or punitive loss or damage of any kind. Verizon makes no express or implied representations or warranties about its services and disclaims any implied warranties. Verizon will not be liable for any act or omission of any company furnishing a portion of the service or of any third party. Disputes arising out of or related to this Card will be submitted for final and binding arbitration under the procedures described in the Terms that can be found at <http://prepaid.verizon.com>. No dispute or claim may be brought as a class action or as a private attorney general, and you will not have the right to act as a class representative or participate as a member of a class of claimants with respect to any dispute or claim. Service in Puerto Rico provided by MCI International, IN.

Shipping & Terms

Standard shipping via United States Postal Service is included in the quoted price. **The estimated delivery time will be approximately 7 -10 business days from the time of order.**

Costco.com offers merchandise which complements our warehouse product selection. Therefore, most items available on our web site are unique to costco.com.

Costco.com products can be returned to any of our more than 400 Costco warehouses worldwide.

[Model Model MCI 670]

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MCI

700
minutes
within the U.S.*

REPAID
Phone Card Plus
Golden RetrieverSM Information Service

All the **PHONE CARD** features you're used to:

- Call anywhere in the U.S. and Puerto Rico for **less than 2.9¢ per minute!**
- Recharge your card at the same low rate.
- Minutes Never Expire!
- One card for International and Domestic calling.

PLUS**...

- Golden Retriever Info On the Go
– Directions, Weather, Movie Times, Stock Quotes & More!
- Speed Dial and PINless Dialing.
- Auto Recharge Option.

*Minute value assumes no payphone calls. **See back for additional details.



MCI

700
minutes
within the U.S.

Rechargeable

PREPAID
Phone Card Plus



NO VALUE UNTIL ACTIVATED AT THE REGISTER

700
minutes
within the U.S.*

PULL TAB
TO OPEN

MCI

**NOW FEATURING GOLDEN RETRIEVER
INFORMATIONAL SERVICES FROM MCI!**



Need a weather forecast?

Need directions when you are on the go?

Out for the evening and need a movie time?

Traveling and need to find local events?

Call Golden Retriever from MCI to get the information you need,
when you want it, where you need it! 99¢ charge
(35 mins deducted from available balance, up to 3 requests per call).

Also featuring these optional services
at no additional cost**:

PINless Dialing: Allows you to register up to 9 residential phone
numbers and then make calls from those numbers without having
to enter the PIN on the back of the Card.

Speed Dial: Store up to 99 numbers and have the ability to dial your
most frequently called numbers by entering only two numbers!

Auto Recharge Option: When your minutes reach a certain level,
minutes can be added automatically. Never run out of minutes again!

For toll-free, English or Spanish customer service 24 hours a day,
7 days a week, call 1-800-934-0170.

*Minute value assumes no payphone calls.

**See enclosed insert for details on how to
use these new features.

Payphone surcharge is 65¢, subject to change.

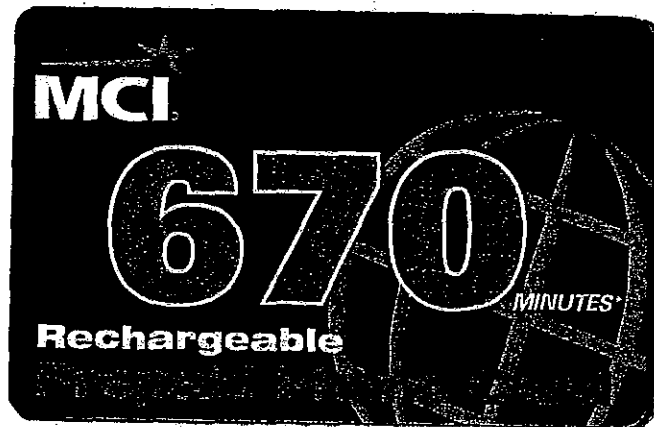
By purchasing or using this Card you accept the Terms listed at www.mci.com/prepaid and with customer service as they are updated. For 24hr domestic customer service, Int'l rates, access #s, country codes, or to report defective Card, call 1-800-934-0170 before leaving U.S. Int'l rates vary and are subject to change. Max (tele) = 2.85¢/min. Golden Retriever calls for U.S. Info are 99¢ each (35 mins will be deducted from your Card), up to 3 requests per call. Card is rechargeable. Usage rounded to next full minute. Call price rounded to nearest whole cent. Calls to 700, 800 or 976 numbers, certain toll-free, up-assist-ed, 3rd party billed, or collect calls not available. No refund or exchange by MCI for opened or used Cards or PINs unless they are defective. Returnable to store only. For additional service related concerns, you may contact the state regulatory agency where Card was purchased. Protect your Card. Card has no cash redemption value. MCI is not responsible for lost or stolen Cards or PINs. If MCI suspects fraudulent use of this Card, it may suspend or terminate use of the Card without further notice. With respect to any allegation, claim, or dispute related to use of the Card, MCI liability will be limited to the face value of the Card. In no event will MCI be liable for any indirect, special, incidental, consequential, exemplary, or punitive loss or damage of any kind. MCI makes no express or implied representations or warranties about its services and disclaims any implied warranties. MCI will not be liable for any act or omission of any company furnishing a portion of the service or of any third party. Disputes arising out of or related to this Card will be submitted for final and binding arbitration under the procedures described in the Prepaid Terms that can be found at www.mci.com/prepaid. No dispute or claim may be brought as a class action or as a private attorney general, and you will not have the right to act as a class representative or participate as a member of a class of claimants with respect to any dispute or claim. Service in Puerto Rico provided by MCI International, Inc. Copyright © 2005 MCI, Inc. All Rights Reserved.



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03/05

Item # 96



FROM USA TO DIAL OR ADD MINUTES	FROM OVERSEAS	*Within the U.S.
1. DIAL: 800-325-0642	1. DIAL Country Specific Toll-Free Number	349
2. PAY \$ - [REDACTED]	2. Enter World Service Code	
3. Follow voice prompts. To place another call, don't hang up. Press 9 twice & dial number.	3. Enter PIN #	
<p>By purchasing or using this card, you accept these Terms and the Terms at www.mci.com/prepaid and with wireless service as they may be updated from time to time. For full details: customer service, international rates, account numbers, security codes, or to report a defective card, call 1-800-966-0174 before leaving the U.S. International rates vary and are subject to change. Pay phone only have a \$0.30 surcharge. We can not use this Card to place to 704, 800 or 877 number calls, or to place certain toll-free, operator-assisted, third party billing or collect calls. Card is rechargeable.</p> <p>[REDACTED]</p> <p>Max Rate: 2.99¢/min. Minute value increases as pay phone calls. MCI makes no express or implied representation or warranty about its services and disclaims any implied warranties. MCI's liability is limited to the face value of this card and will not include any indirect, special, incidental, consequential, exemplary or punitive loss or damage. Resolution of disputes concerning this card will come via final and binding arbitration. Service is Party Two provided by MCI International, Inc.</p> <p style="text-align: right;">194946588</p>		

MCI calling-card perks end Sept. 4

NO MORE RECHARGING: Time purchased up to Sept. 3 will be honored, though.

PETER PORCO

pporco@adn.com

(Published: July 20, 2007)

The many Alaskans who dial long-distance using the low-cost MCI calling card will find their phone privileges sharply cut come September.

Verizon Communications, parent company of MCI, said it plans to end any recharging of the card from Alaska starting Sept. 4. After that, no people who have an Alaska billing address or who make the call from an Alaska phone will be able to add minutes to their card, the company said.

Recharging an MCI card generally costs 2.9 cents per minute.

Minutes left on the card after the cut-off date can still be used to make a long-distance call to any place in Alaska or the Lower 48, a Verizon spokesman said. A hypothetical MCI card owner could purchase hundreds of additional minutes from now through Sept. 3 and call on those minutes for the rest of the year and beyond, said spokesman Kevin Lavery.

"The cards remain valid," Lavery said Thursday. "All minutes will remain valid. Those who have a card can use up minutes until they expire."

The MCI card used to be sold by Costco but apparently hasn't been available for purchase in Alaska since last fall.

Lavery said Verizon is not making similar changes in other states, but that could always occur down the line since the company is "constantly evaluating" its business practices.

"We can't even say that this (calling-card) program that has been available in Alaska will continue to be available elsewhere," he said.

The reason Verizon is blocking any recharge of MCI cards from Alaska is that the cost of doing business here is prohibitive, particularly the fees MCI pays to local phone companies so its customers can call from one Alaska community to another using those local lines, according to Verizon.

Last September, the company proposed jumping the per-minute cost for intra-Alaska calls up to 35 cents. The Regulatory Commission of Alaska intervened, however, and ordered the company to halt the increase while it launched a formal investigation.

MCI soon canceled that plan.

Alaskans who've tried to make long-distance calls using an MCI card this week are hearing a message that recharging their card from Alaska "will no longer be an option available to you."

They also hear that the company will refund the cost of the unused minutes on the card. But

Laverty conceded that it's probably a better deal to use up the cheap MCI minutes than to take a refund and buy more expensive minutes on another calling card or carrier. The Regulatory Commission had received just a handful of complaints from card holders as of Thursday, Salazar said.

CARD CARRIER'S COMPLAINTS

One of those was Alan Kurczynski of Chugiak, who does business with people in the Bush and uses the MCI card. In fact, Kurczynski said, he has no other long-distance service. He found out about the recharging cut-off two days ago.

"I'd like to know why they feel justified for this," he said. Harold McSpaden of Palmer also found out two or three days ago. A convenience-store worker, McSpaden and his wife, a registered nurse, bought their card at Costco in Oregon in 2001. They moved to Alaska the next year and are still using the same card, recharging as their minutes run low.

Like other users of the MCI card, McSpaden has programmed both the 800-number and the card's PIN into his phone's speed-dial system. They've also purchased a card for the Barrow woman who is the birth mother of their adopted son, so they can keep in close contact with her.

"When we lived in Oregon, our long-distance phone bill would be anywhere from \$100 to \$300 a month," McSpaden said. "Three and a half cents a minute is a heck of a savings. We've used this card all over the country."

Find Peter Porco online at adn.com/contact/dhunter or call 257-4350.

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Verizon cuts off MCI calling card renewals from Alaskans

By Margaret Bauman
Alaska Journal of Commerce

For thousands of Alaskans who have been using the MCI prepaid calling card, at 2.9 cents a minute for all domestic calls, the party's over Sept. 4, say officials of MCI/Verizon.

Alaska holders of those bargain prepaid phone cards have until Sept. 3 to renew them, the telecommunications company says.

"It's a business decision," said Kevin Laverty, a spokesman for MCI/Verizon. "We looked at the situation and decided it was no longer in our business interest to continue to offer that product. In effect, what we decided is the way we are going to manage it, effective Sept. 4, is you won't be able to continue recharging the cards that you have."

According to an MCI operator answering a toll-free number for cardholders wanting to add minutes, nobody with an Alaska zip code or an Alaska phone number will be able to renew the cards after Sept. 4. The rule does not apply to any other state, the operator said.

The consumer protection and information section of the Regulatory Commission of Alaska is looking into the matter informally at this time, said spokeswoman Grace Salazar. No decision has been made yet on whether the RCA will pursue further action, she said.

When MCI/Verizon announced plans last autumn to raise the cost of card use for in-state calls to 35 cents a minute, the RCA stepped in and put a temporary halt to the plan. Costco Wholesale, which has sold thousands of the 700-minute cards for \$19.95, meanwhile, ceased selling them, and is still looking for another prepaid card deal for its customers.

"MCI was losing its shirt on those cards," Verizon spokesman Jim Smith said at the time. "The traffic usage of those cards has been in the high cost areas, the remote areas. Most people are going to town, buying some calling cards and making a lot of in-state calls using them in the high-cost-to-serve areas. So at the former rates, the MCI prepaid cards were not cutting it, and then we had to follow the pricing up from 2.8 cents a minute toward 35 cents a minute, starting Nov. 1."

Thanks to the RCA's intervention, Alaska holders of those cards have so far been able to continue to recharge them for up to \$500.

Now that that deal appears to be coming to an end, there are mixed feelings from cardholders.

"I don't quite understand why they are even doing it," said Anchorage resident Sherry Buckley. "You can circumvent it (the method of recharge), so what's the point?"

Buckley said she was disappointed that her card, purchased about five years ago at Costco, would not be renewable after Sept. 4, "but I certainly understand if they are losing money why they are doing it," she said. "I think MCI is at least being fair about it, giving everybody time to renew the card. I think that's reasonable."

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Others, including one businessman on the Kenai Peninsula who would not give his name, were less sympathetic with Verizon's decision. He renewed three of his cards for \$500 apiece and that once he used up all those minutes, he would simply renew them from his firm's legal home business address, in Reno, Nev.

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